

FINANCIAL GUIDELINES

for

RECYCLING GRANTS TO RESPONSIBLE UNITS

Rev. 4-03

Introduction

The purpose of this guide is to assist Responsible Units in meeting the financial and record keeping requirements of the Recycling Grants to Responsible Units Program. The basis for these guidelines is contained in s. 287.23, Wis. Stats., and Chapter NR 542, Wis. Adm. Code.

Wisconsin Statutes define a "Responsible Unit" under s. 287.01 (9), Wis. Stats. as a municipality, county, another unit of government, including a federally recognized Indian tribe or band in this state, or solid waste management system under s. 59.70(2), that is designated under s. 287.09(1).

Recycling grant funds may be used by Responsible Units for planning, procuring, constructing, or operating one or more components of recycling and/or yard waste programs within one calendar year. Funds may not be used for anything related to landfill disposal, or for disposal of waste oil, white goods, or lead-acid batteries.

Accounting Requirements

The Responsible Unit is required to maintain fiscal records that show both the total costs of the project as well as expenses by funding source. The accounting system used must accurately reflect all fiscal transactions, incorporate appropriate controls and safeguards, and provide a good audit trail, particularly to source (original) documents such as detailed invoices, receipts, timecards, etc.

Fiscal controls and accounting procedures used to record project costs should be based on generally accepted accounting principles and standards, and should meet the following minimum requirements:

1. Project accounts should clearly and consistently separate grant receipts and expenditures from those allocable to other projects and activities.
2. Expenditures should be listed by category and in sufficient detail to provide a basis for accurate and complete project reporting.
3. All project receipts should be identified in sufficient detail to reflect both their source and purpose.
4. Supporting documentation for all project expenditures should be itemized in sufficient detail to reflect the nature and propriety of each. Proofs of payment, such as canceled checks or receipts from vendors, should be maintained.
5. Payroll records should be maintained and should reflect actual project hours worked by each employee as well as allocable gross wages and fringe benefits paid. These records should be backed up by time and attendance records that describe the work performed, specify the project, hours worked by day and should be signed by both the employee and bear evidence of management review and approval. Worksheets showing computation of hourly pay rates and allocation of fringe benefits should be on file.

Financial Guidelines – Recycling Grants to Responsible Units (continued)

Allowable Costs

Any reasonable program-related expenses incurred during a calendar year for planning, procuring, constructing, or operating one or more of the components of a recycling program as specified in s. 287.23, Wis. Stats., as created by 1989 Wisconsin Act 335, or to enable the Responsible Unit to comply with the prohibition under s. 159.07(2), Wis. Stats., as affected by 1989 Wisconsin Act 335, are eligible.

Allowable expenditures may include:

1. **Payroll Costs.** Salary or wages of those employees directly engaged in the execution of the _____ program, including costs of supervision, in direct proportion to time actually spent on recycling activities.
2. **Fringe Benefits.** Fringe benefits (employers share of Social Security, unemployment compensation, worker compensation, group health/life insurance, retirement/pension costs, etc.) that are regularly provided to employees by the Responsible Unit when properly computed in direct proportion to the hours or payroll dollars allocated as above. Vacation, holiday, or sick leave pay is allowable only to the extent it is earned by employees while working on recycling activities.
3. **Indirect Costs.** Indirect costs if accumulated in a separate set of accounts and equitably and systematically allocated to all the grantee's projects and activities.
4. **Consultant Fees.** Professional assistance with program planning, operation, supervision, inspections, costs estimates, etc. Any consultant involvement totaling \$10,000.00 or more must be covered by a written contract or service agreement specifying duration, financial terms and services to be rendered.
5. **Service Contracts.** Purchased services for planning, constructing, or operating one or more components of a recycling system. These should be covered by formal contracts or agreements specifying all financial terms, services provided, contract duration, nonperformance penalties, etc. Services costing \$10,000.00 or more must be covered by a written contract or service agreement.
6. **Capital Expenditures.** Purchases of equipment costing \$1,000.00 or more with an expected life of 3 years or longer, or purchase or construction of facilities, require treatment as capital expenditures with cost recovery on an amortized basis. Except for the purchase of land, the allowable cost of any capital purchase is limited to that portion of its annual depreciation equitably related to its use in recycling activities. The allowable fair market cost of land acquired in accordance with state guidelines for preparation of appraisals and relocation assistance is fully allowable in the year of purchase.
7. **Non-capital Equipment, Materials and Supplies.** Non-capital equipment, materials, and supplies may be purchased for a specific project or may be drawn from a central stock on an established charge-back basis. All items shall be competitively purchased as required by applicable statutes.
8. **Equipment Rental.** Daily records should be maintained that substantiate the hourly use of each equipment item used on the project, as well as the actual cost of rental. 'Force account' use of the Responsible Unit's own equipment not purchased with grant monies is limited to the county-wide rates established by the Wisconsin Department of Transportation (county highway rates for equipment can be obtained from your county highway and transportation office).
9. **Other.** Allowable costs, in addition to the above major cost categories, may include other expenditures for items clearly necessary and directly related to the project such as printing or copying costs, etc.

Financial Guidelines – Recycling Grants to Responsible Units (continued)

Non-allowable Costs

The following costs are not eligible for financial assistance under the program:

1. Costs incurred either prior to January 1 or after December 31 of the grant calendar year.
2. Fines and penalties.
3. Ordinary operating expenses of local government not directly related to the recycling program.
4. Interest or finance charges.
5. Costs eligible under any other state or federal financial assistance program.
6. Costs incurred in any transaction creating a real or apparent conflict of interest.

NOTE: Refer to the Eligible/Ineligible Cost Table on the CFA Web Forms page:

<http://www.dnr.state.wi.us/org/caer/cfa/EF/forms/forms.html>

Record Retention and Audits

The Department of Natural Resources has the right to audit or examine all books, papers, accounts, documents, or other records of the Responsible Unit as they relate to project costs for which state funds were granted. The purpose of the audit would be to verify that claimed project costs qualify under the provisions of the statute, were in compliance with the terms of the grant, and were actually incurred.

The Responsible Unit must retain all recycling program records until final resolution of any audit findings, or for a period of three years following the last year of its participation in the grant program, whichever is later.

For additional information, view forms to be downloaded on our Forms Web Page at:

<http://www.dnr.state.wi.us/org/caer/cfa/EF/forms/forms.html>

or contact:

Bureau of Community Financial Assistance
Wisconsin Department of Natural Resources
P. O. Box 7921
Madison, WI 53707-7921
Telephone: 608-266-7555